



SOUTH VIETNAM

I. The stepped-up US military aid program is taking hold, but the Communist Viet Cong, whose activities have steadily increased, are far along in their campaign of conquest, and any reversal of the situation will take considerable time.

A. Recently arrived American-piloted helicopters are proving particularly effective. Missions have been flown involving the air movement of whole battalions of South Vietnam troops to hit directly at Viet Cong base camps in surprise attacks. Captured prisoners and documents reveal enemy concern over these new techniques.

B. The US program also seems to be having a beneficial effect on South Vietnamese political and military morale. The Diem government is now taking steps to streamline its command structure and also introducing some economic and social reforms.

C. Rumors of coup plotting, once rife, have also decreased, although a coup attempt by elements dissatisfied with Diem remains a possibility.

II. South Vietnamese regular forces, now at 177,000, are being expanded toward a force goal of 200,000. In addition, paramilitary forces number 118,000, making an overall total of 318,000.

III. Viet Cong armed strength, only about 3,000 two years ago, is now estimated at between 20,000 and 25,000 full-time combatants, plus many times that number of part-time fighters and agents. The

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increase comes from local recruitment as well as from infiltration of cadres drawn from regular North Vietnamese units. The infiltration from North Vietnam via southern Laos is facilitated by the Communist control of the entire Laotian side of the 300-mile Laos - South Vietnam frontier.

IV. Casualty figures on both sides have increased. Government casualties in 1961 were 13,000, nearly twice the 1960 figure. Viet Cong 1961 losses were 19,000, 50% over 1960.

V. The Viet Cong, though capable of large-scale attacks on selected targets, have concentrated since last fall on widespread guerrilla warfare, terrorism, and propaganda. These tactics have been particularly effective in eroding government authority at the village level.

A. However, a strong Viet Cong effort in the central part of South Vietnam is expected in the coming months. The Viet Cong appear to be regrouping and consolidating their base areas for a campaign to drive a wedge completely across the narrow waist of the country.

VI. North Vietnam may be setting the stage for more open and extensive support for the Viet Cong. Hanoi has accused the US of gross interference, and the Viet Cong political front last month stated that, "if need be," it would call for "assistance, including material aid from friendly countries."

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A. Marshal Yeh Chien-ying, head of a high-level Chinese Communist military mission to North Vietnam in December, said China "absolutely cannot ignore" increased US aid to Diem. At this stage, any additional Chinese Communist aid to Hanoi probably would be in the form of logistical support.

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